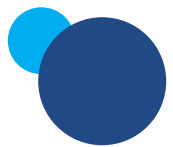


cielo

Earnings Release

**4Q 2021**





## Legal Disclaimer\_

The Company makes forward-looking statements that are subject to risks and uncertainties

Such statements are based on the Management's assumptions and surmises on the Company's best knowledge and information. Forward-looking statements include information about our current intentions, assumptions or expectations, as well as those of the members of the Company's Board of Directors and Board of Executive Officers.

Forward-looking statements also include information regarding our possible or assumed future operating results, as well as statements that are preceded or followed by or that include the words "believes", "may", "will", "continues", "expects", "anticipates", "intends", "plans", "estimates" or similar expressions.

Forward-looking statements and information are not guarantees of performance. They involve risks, uncertainties and assumptions, as they refer to future events and therefore depend on circumstances that may or may not occur. Future results and value creation for shareholders may differ materially from those expressed in or suggested by forward-looking statements. Many factors determining these results and values are beyond CIELO's ability to control and predict.

The Company's consolidated financial statements are presented in thousands of Brazilian Reais (R\$ thousand), in accordance with the Accounting Plan of the Institutions of the National Financial System (COSIF) and accounting practices adopted in Brazil



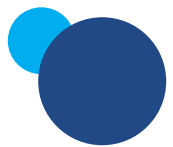
# Agenda

## **Presentation: Results & Strategy**

- Filipe Oliveira - Head of Finance

## **Q&A:**

- Gustavo Sousa - CEO
- Filipe Oliveira
- Daniel Diniz - Head of IR



# Quarter Highlights

4Q21 – reinforces consistent operational improvement



Net Income totals **R\$337MM** in the **4Q21**. +13% YoY e +59% QoQ  
**2021 totals R\$970 million**. 98% YoY



Highest EBITDA since 1Q19: **R\$790MM**  
Solid QoQ growth, **Cielo BR +12%** and **Cateno +17%**

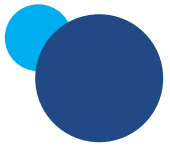


Lowest expenses ratio<sup>1</sup> of the historical series: **0.55% of the TPV**



Largest TPV in the Company history: **R\$208Bi**. +16% QoQ and +9% YoY  
Sharp increase of Pre-payment penetration in **SMB and long-tail: 45%**

<sup>1</sup> Total cost and expenses for Cielo BR / TPV.

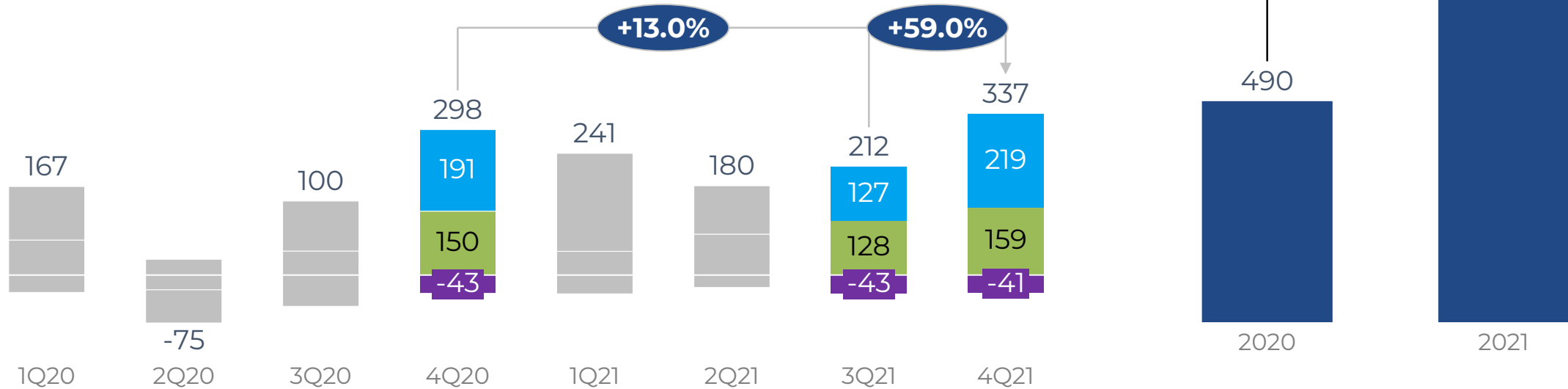


# Result by Business Unit

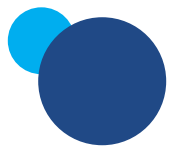
5th consecutive quarter of YoY growth

Net Income<sup>1</sup> **R\$337MM** in the 4Q21. R\$300MM on a recurring basis.

- Cielo BR
  - Cateno
  - Other subsidiaries
- (R\$ million)



<sup>1</sup> Attributable to Cielo shareholders.

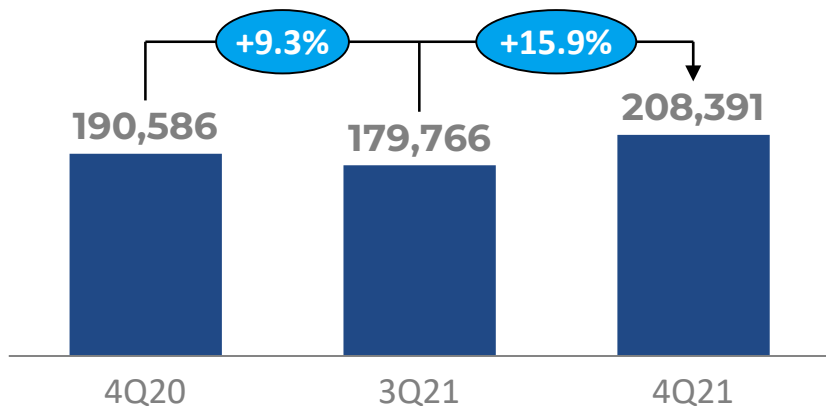


# Strong Operational Performance

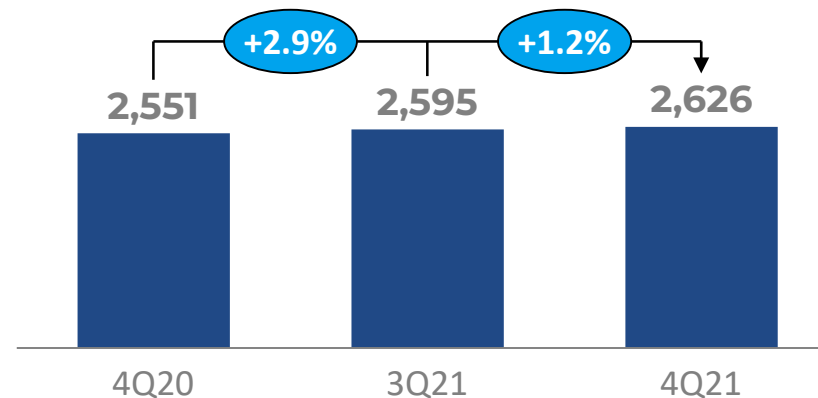
Improvement in key metrics in YoY and QoQ comparisons

R\$ million

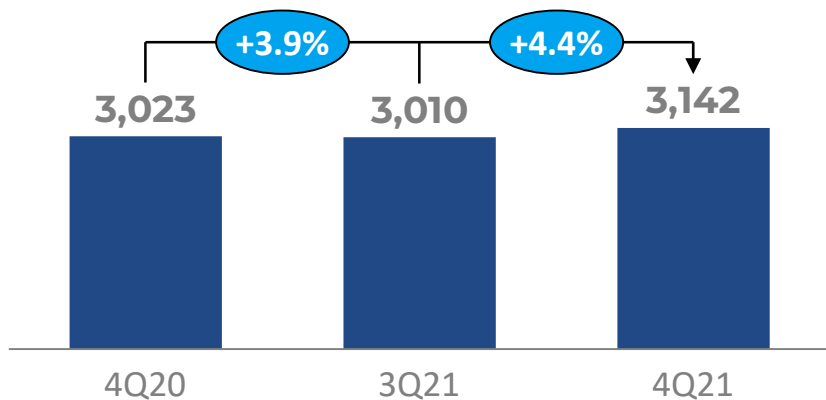
**TPV (Cielo BR)**



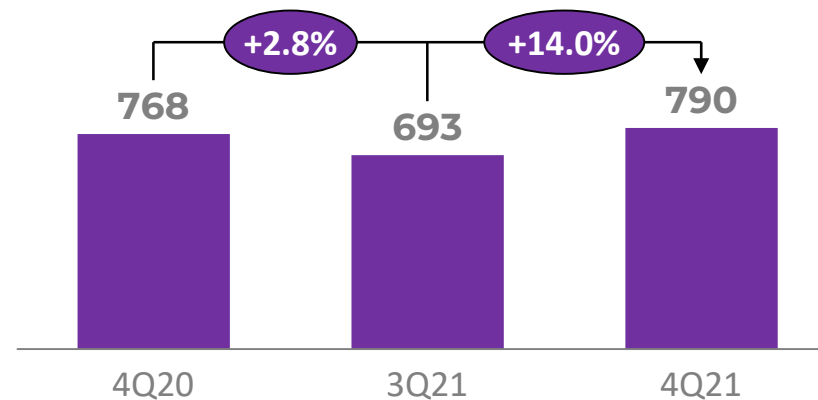
**Total Costs + Expenses (Consolidated)**

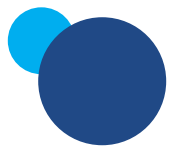


**Net Revenue (Consolidated)**



**EBITDA (Consolidated)**





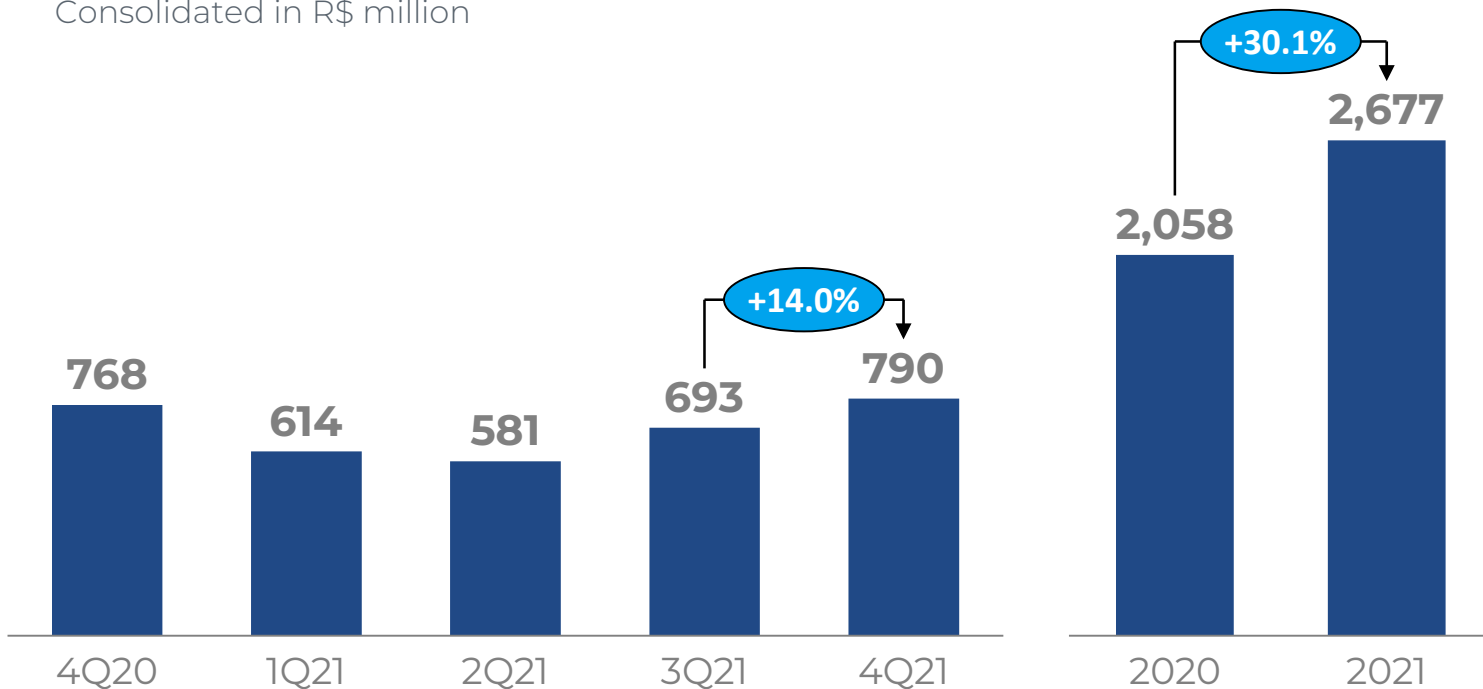
# Cash Generation

Operational resiliency: Largest EBITDA since 1Q19

**EBITDA totals R\$2.7 billion** in FY21 with Strong YoY growth

## EBITDA Evolution

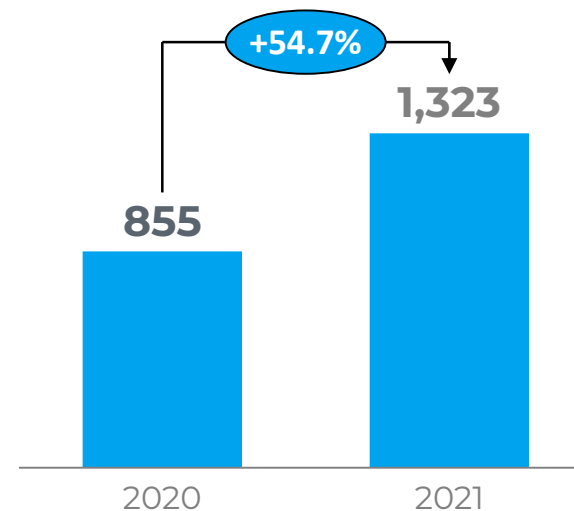
Consolidated in R\$ million



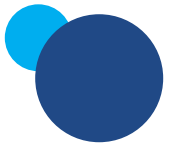
**Operational soundness translated by cash basis earnings** – Net Income excluding M&A related intangible amortizations

Cielo Consolidated in R\$ million	2021
<b>Net Income<sup>1</sup></b>	<b>970,5</b>
<i>M&amp;A amortizations (Cateno &amp; MES)</i>	534.4
<i>Tax Shield</i>	-181.7
<b>Cash basis earnings</b>	<b>1,323.2</b>

in R\$ million



<sup>1</sup> Attributable to Cielo shareholders..

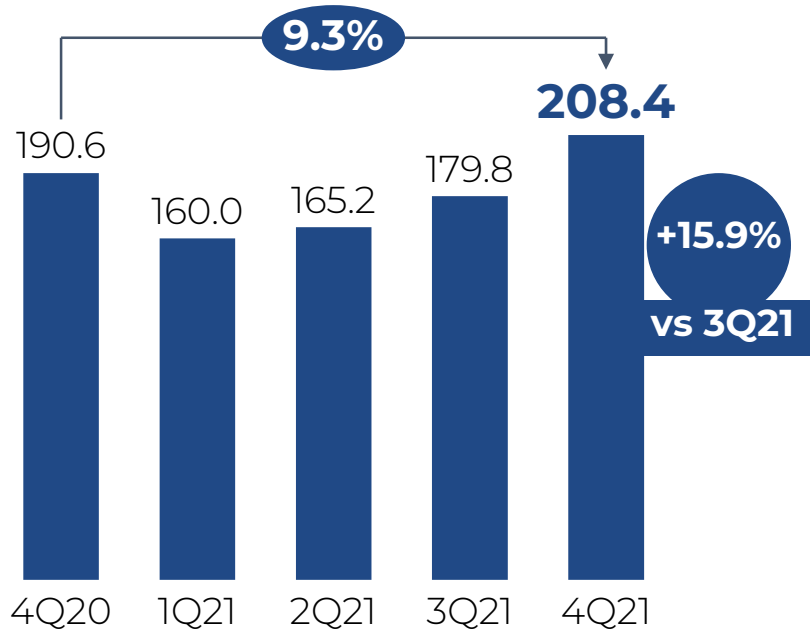


# Operational Metrics

Total volume +9.3% and Pre-payment +23.5% YoY

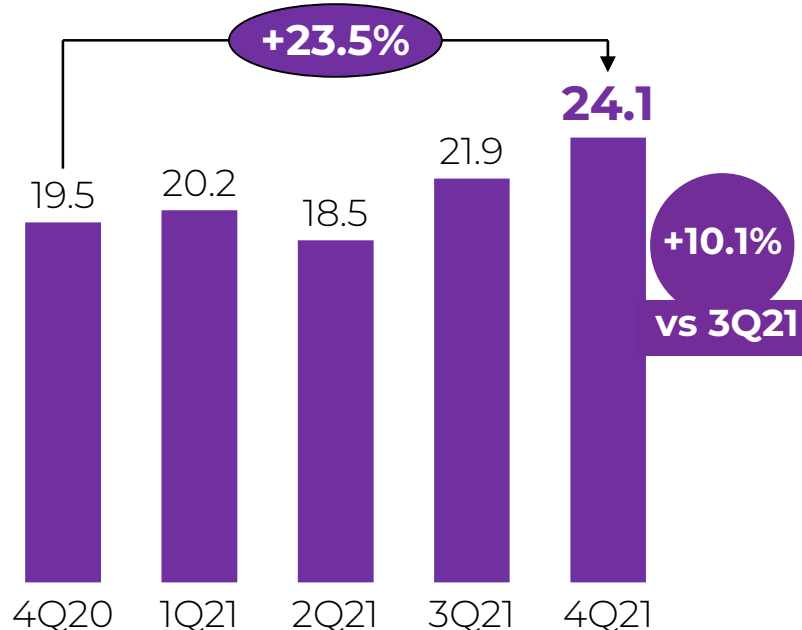
## Total Payment Volume

In R\$ billion



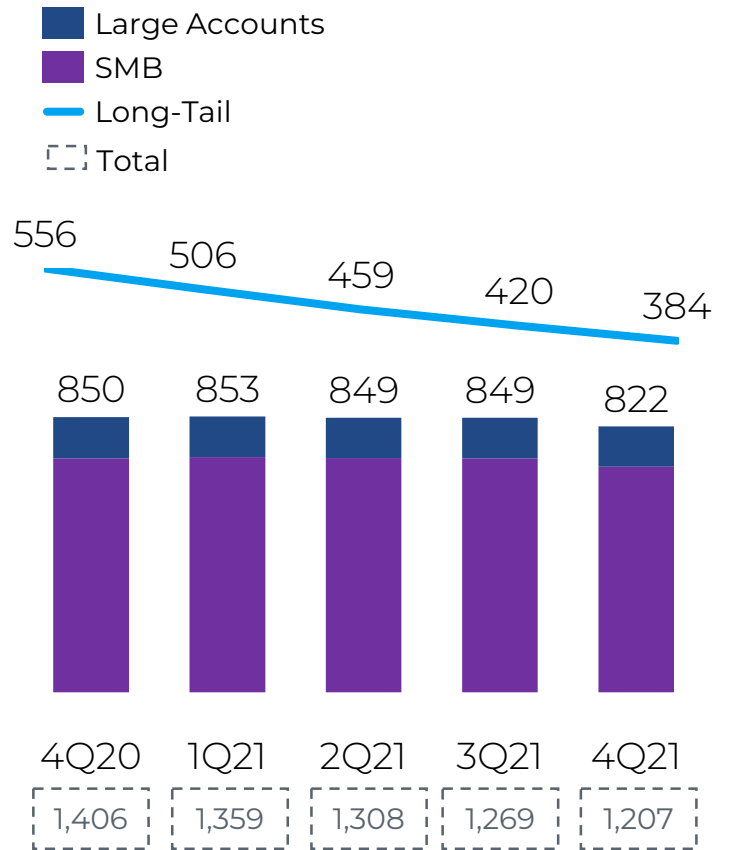
## Prepaid Volume

In R\$ billion

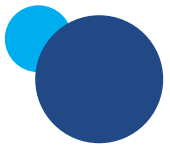


## Active Merchant Base (90 days)

In thousands





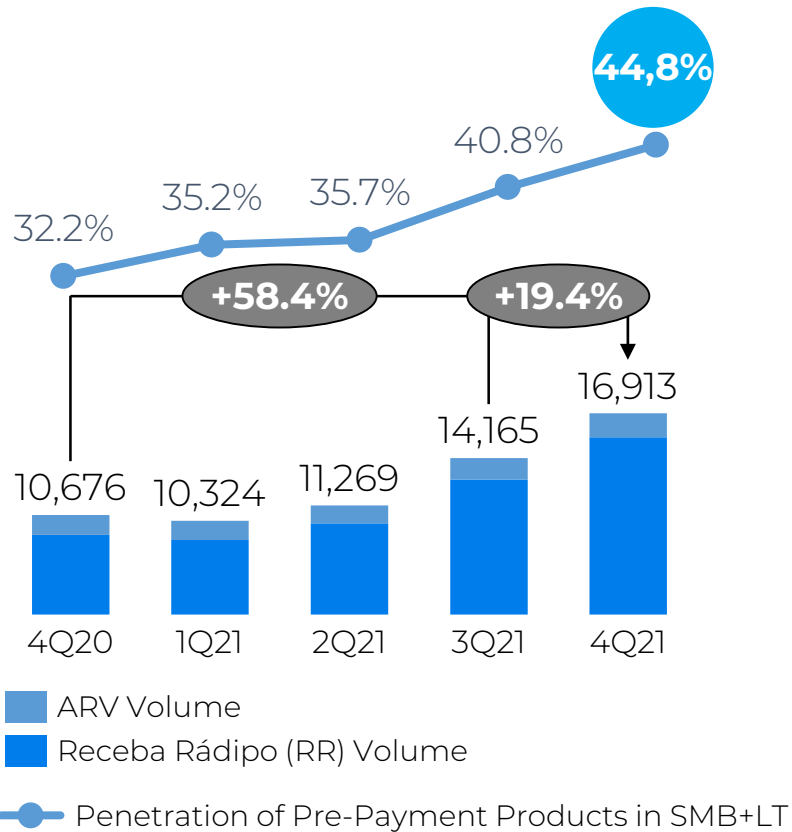


# SMB and Long Tail

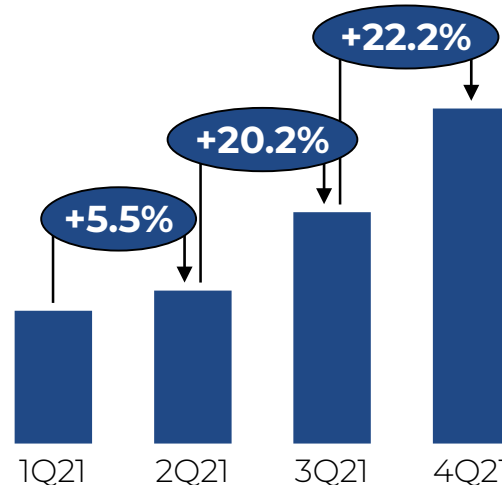
Pre-payment penetration shows significant growth, totaling 44.8%

## Pre-payment Penetration

New record Penetration

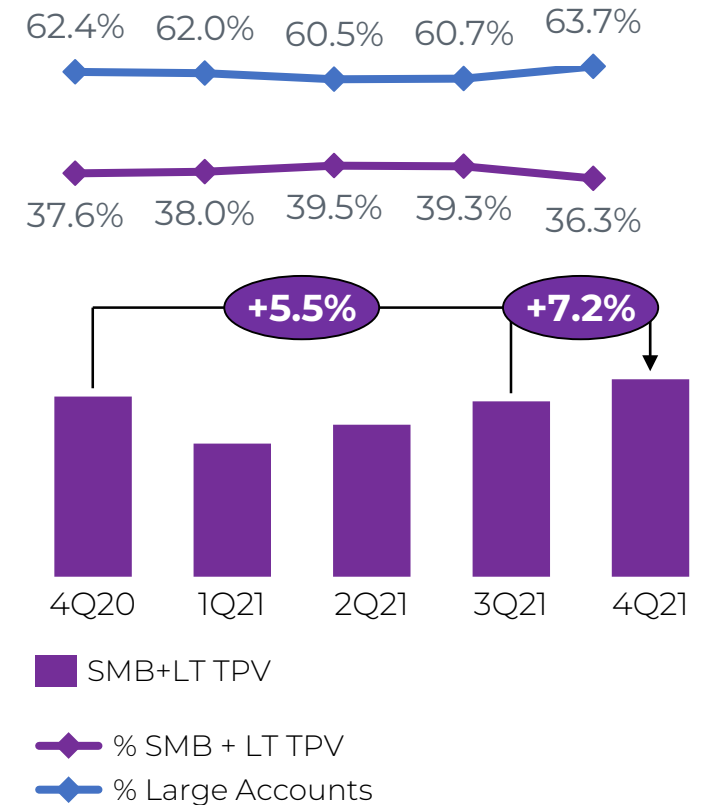


## RR Revenue accelerates QoQ growth

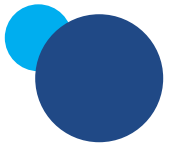


## TPV

SMB YoY Growth: 5.5%



Note: the company reviewed in the 2Q21 the classification of certain clients within the segments, and adjusted the historical data of perceptual participation of the segments in the total TPV in order to maintain comparability.

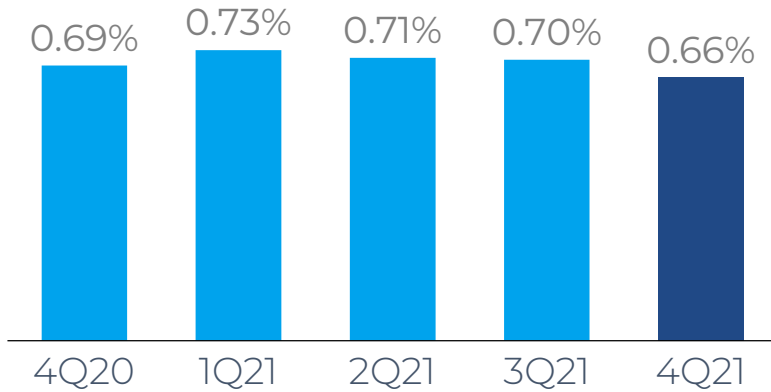


# Revenue Yield

Significant impact of RR penetration

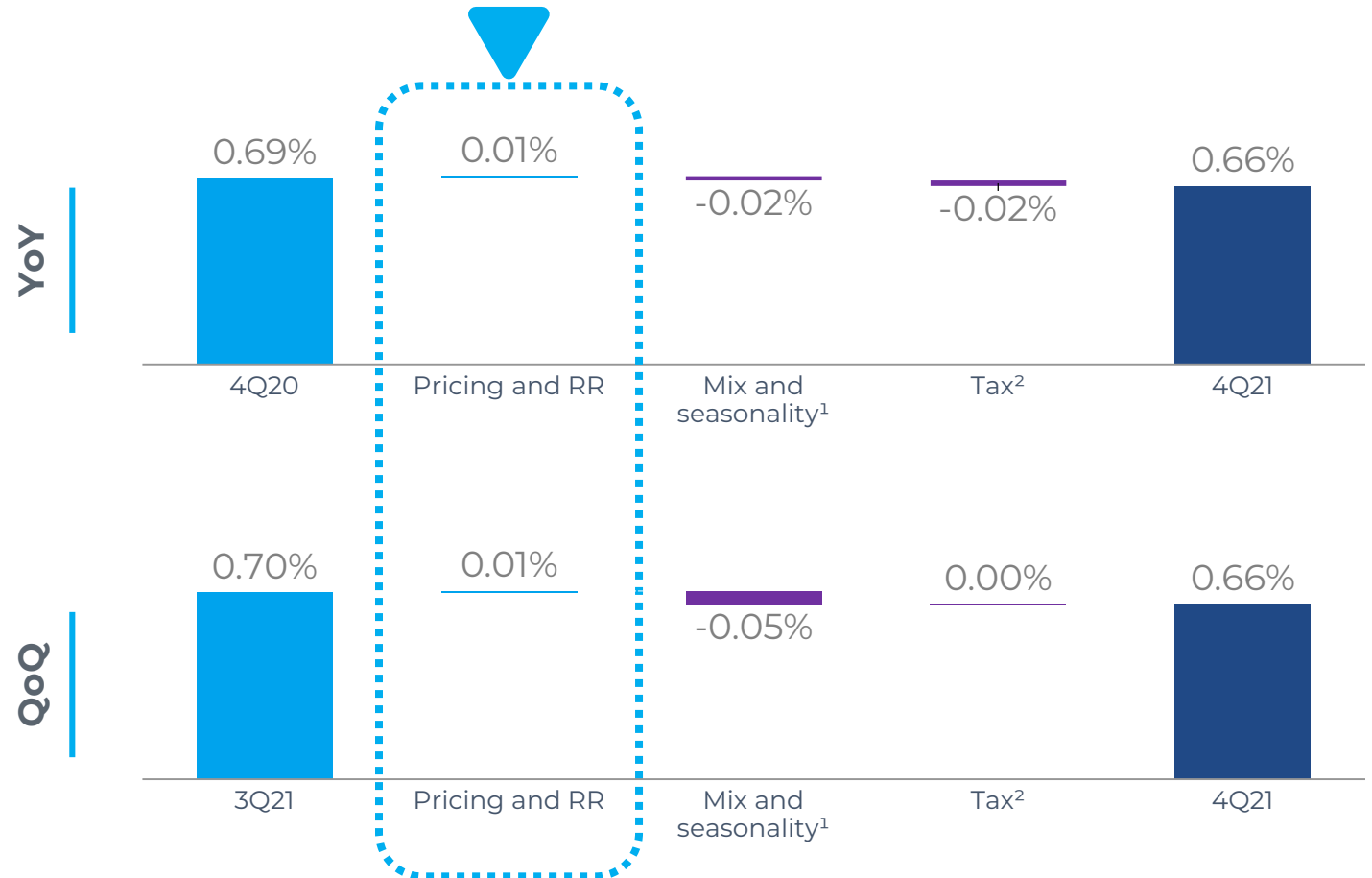
## Revenue Yield

Quarterly evolution



- Volume growth:
  - **9.3%** YoY
  - **15.9%** QoQ

**Initiatives on profitability** (eg Receba Rápido) boost yield, with an **impact greater than the negative effect of competition on prices**



<sup>1</sup> Mix and seasonality effect considers, among others factors, customer segment mix and the volume effect on yield as part of the revenue does not follow the volume growth.

<sup>2</sup>As of 1Q21, Cielo incurred in higher ISS (tax on services charged by municipalities in Brazil) expenses as a result of the expected impacts of the law 175/2020.



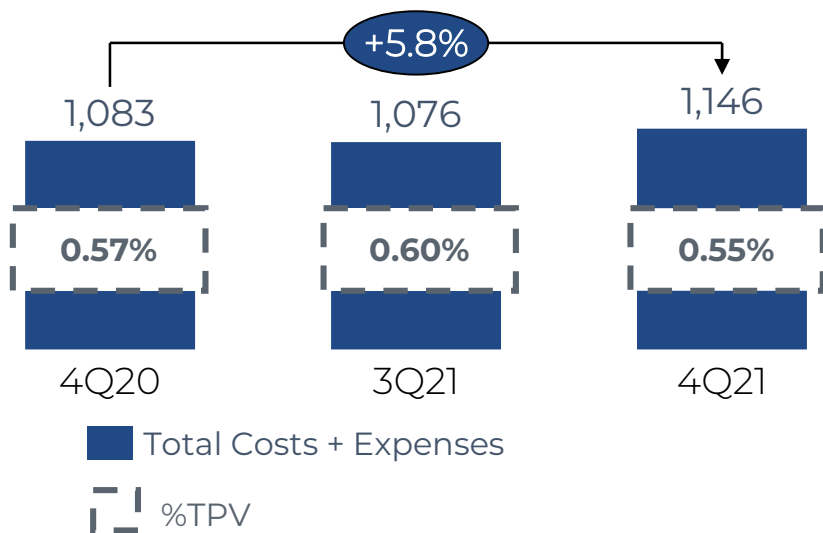
# Operational efficiency

Expense discipline continues to benefit operational result

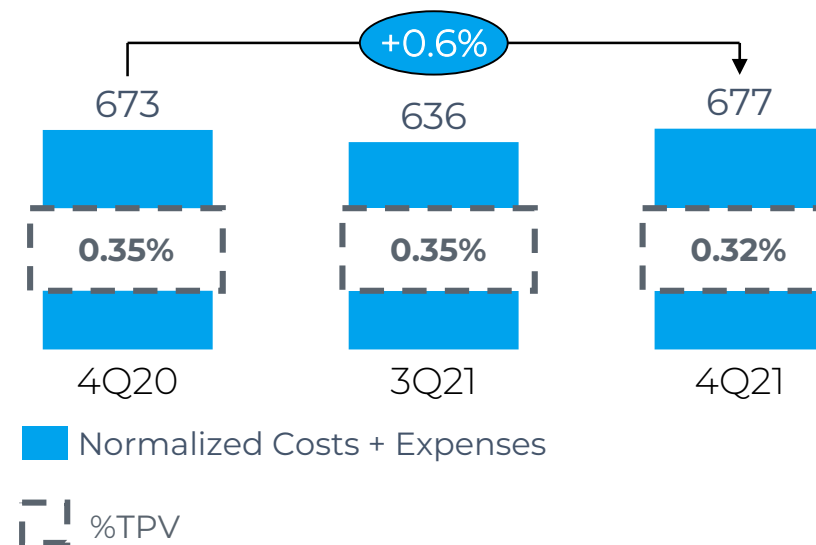
- Lowest expenses ratio in the historical series<sup>1</sup>: 0.55% of the TPV, **showing improvement YoY and QoQ**
- Normalized Costs + Expenses stable, even with **R\$59 million of new initiatives related OPEX**

## Total Costs + Expenses (R\$ million)

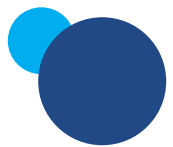
5.8% increase in expenses vs 9.3% in TPV



## Normalized<sup>2</sup> Costs + Expenses (R\$ million)



<sup>1</sup> Considering COSIF series. <sup>2</sup> Normalized expenses correspond to Cielo Brasil total expenses with deduction of brand fees, subsidies, services provided by banks, PIS and COFINS credits, D&A, non-recurring items and commercial expansion.



# Liquidity | Indebtedness

Solid cash position to sustain Pre-payment Products expansion

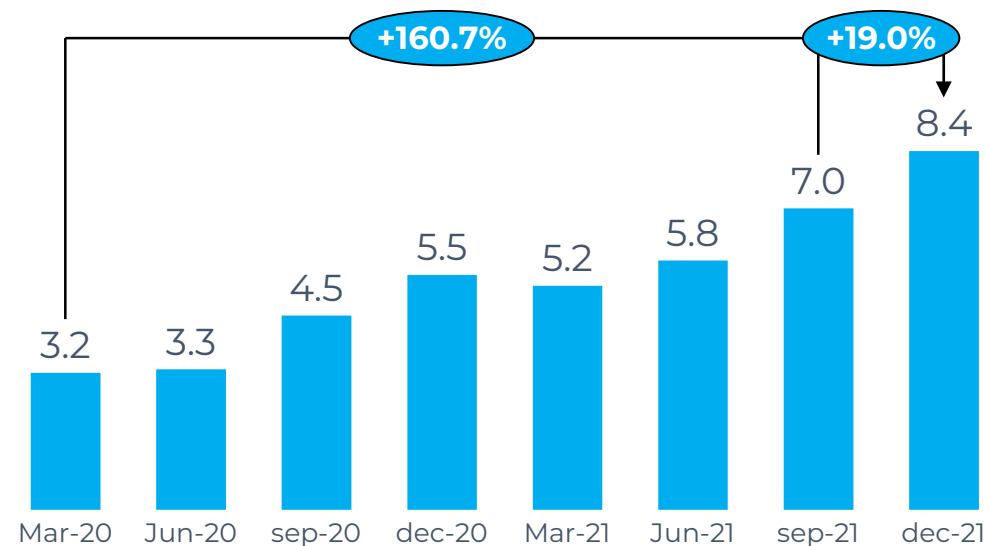
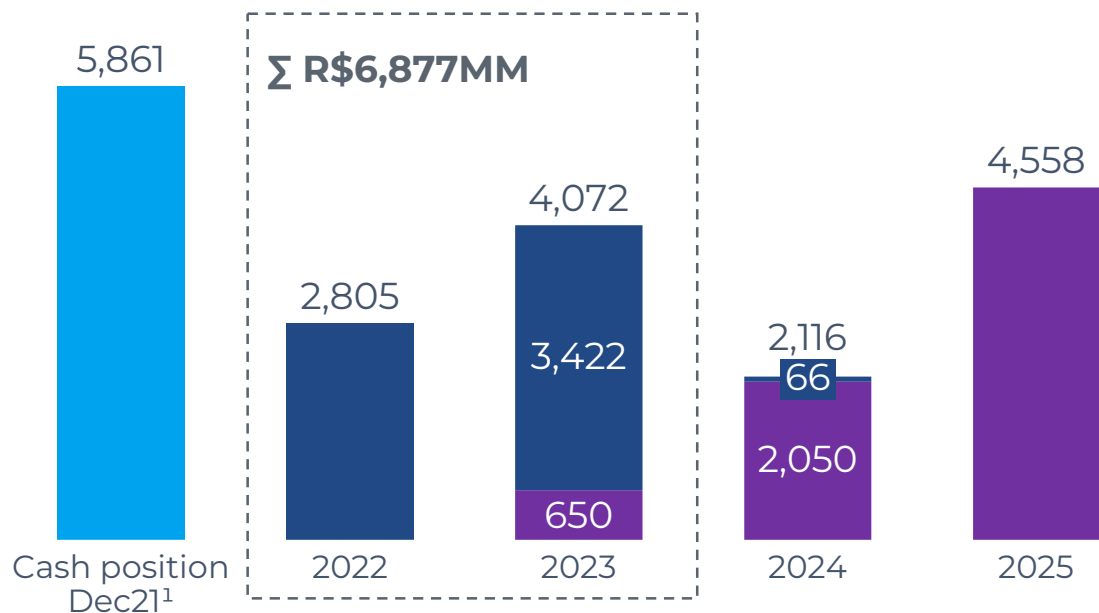
## 4Q21 Highlights:

- Inflow of funds referring to the sale of M4U totaling **R\$122.5 MM**
- Increase in capital allocated to RR, reaching **R\$8.4BI**

### Indebtedness and other obligations (R\$ million)

### Capital allocation in Receba Rápido (R\$ billion)

Cash Position Dec21<sup>1</sup>   Loan Obligations   Third party FIDC quotas



<sup>1</sup> According to COSIF accounting practices, it consolidates 100% of the balances of cash, cash and financial instruments, including derivatives, of Cielo Brasil, Cateno and Other Subsidiaries.



# Operational **Transformation**



# Strategy

Execution of the strategy allows advances in new frontiers

## Operational transformation

Positioning, commercial, logistics, RR penetration

## Organizational transformation

Digital, structure, people and culture

## Assets Optimization

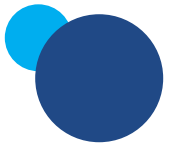
Divestments



## OPERATIONAL EXCELLENCE



- **Operational excellence** to better serve our clients
- Total focus in the **segments that matter**
- With optimized **financial resources**



# Operational Excellence

Company achieves major milestones on its transformation process

## Transformation Process: 2019 - 2021

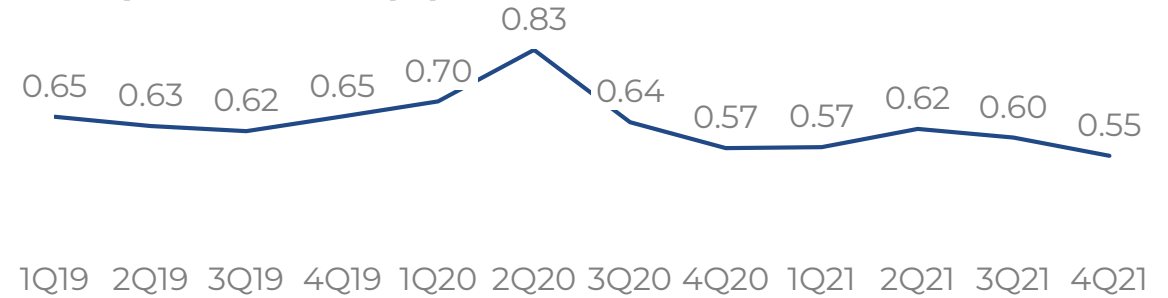
- ✓ **Logistics Model:** 80% of installation in up to 2 business days
- ✓ **Commercial Model:** +39% in Activations / Consultant / business day
- ✓ **Positioning:** Price adjustment in SMB and Large Accounts
- ✓ **Pre-payment Products in SMB+LT:** 45% penetration
- ✓ **Digital:** WhatsApp Pay, LIUV, LIO, Urban Mobility
- ✓ **Agile structure:** Revision of processes and structures
- ✓ **Assets Optimization:** Orizon, M4U, Plataforma Elo and BITZ



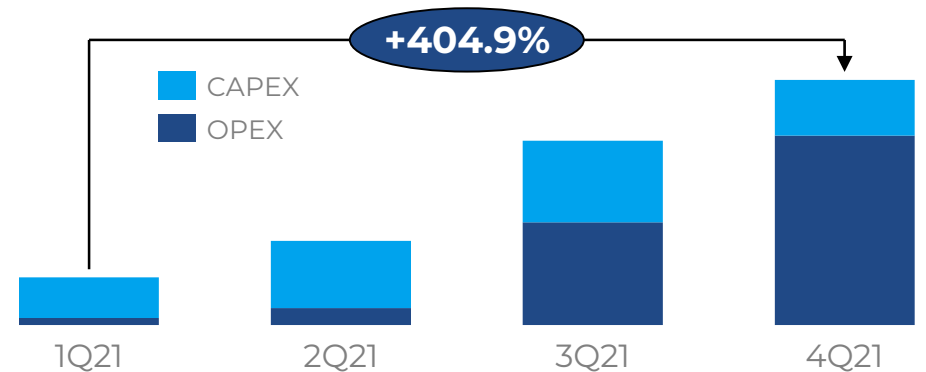
✓ **Efficiency:** Lowest ratio of expenses in the series

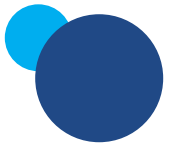
## Efficiency is key for new investments

Expenses Ratio (%)



Investments in new initiatives to improve customer services and operations





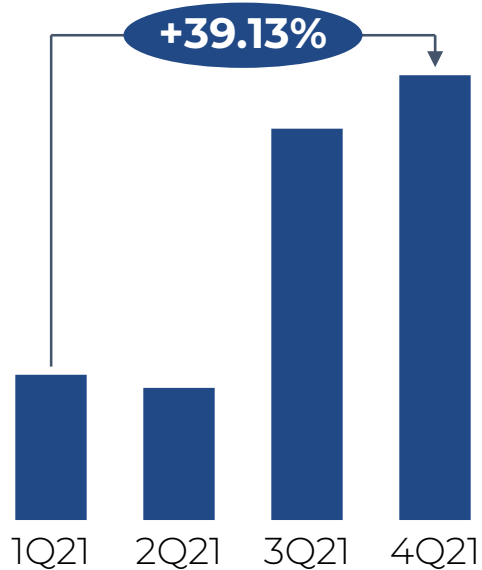
# Strengthen Acquiring

It's fundamental do advancing into new frontiers

## Commercial Model Results

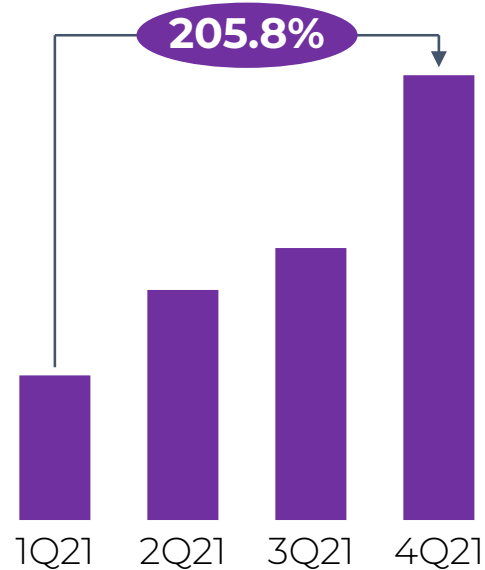
### Activation Index

New client activation / Consultant / business day



### Average Volume in M1

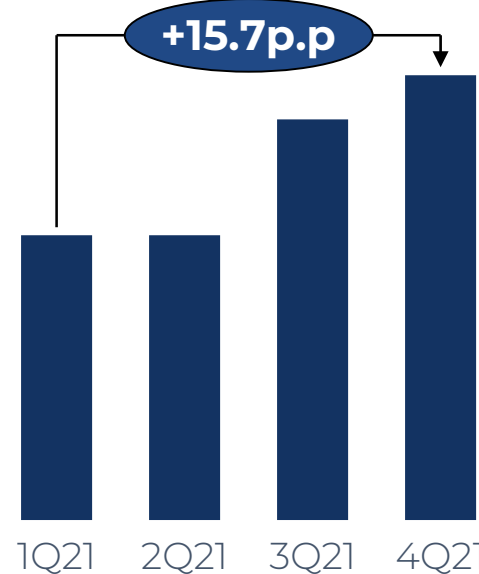
Average Volume captured in the month following activation (R\$ thousand)



## Important advances in Logistics

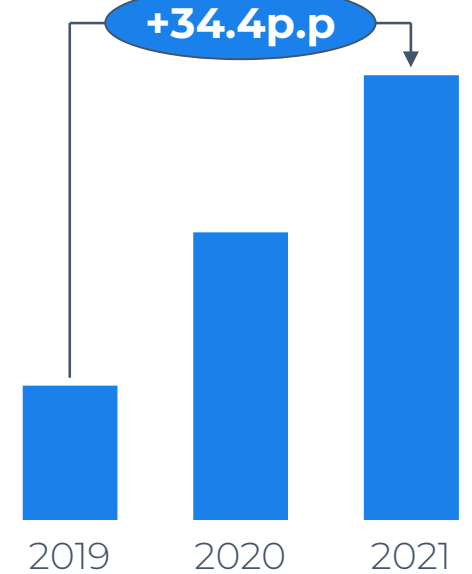
### Installation in 2 BD

% of installation in 2 business days

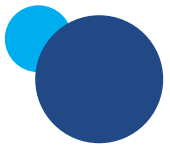


### Assets recovery

% of Assets recovered







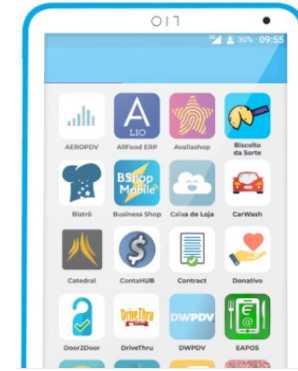
# Digital Acquiring

Advances in contactless solutions, new approaches and integration of LIO

## Initiatives / Partnerships / Investments



Public transportation:  
SP, RJ & GO



### LIO integration

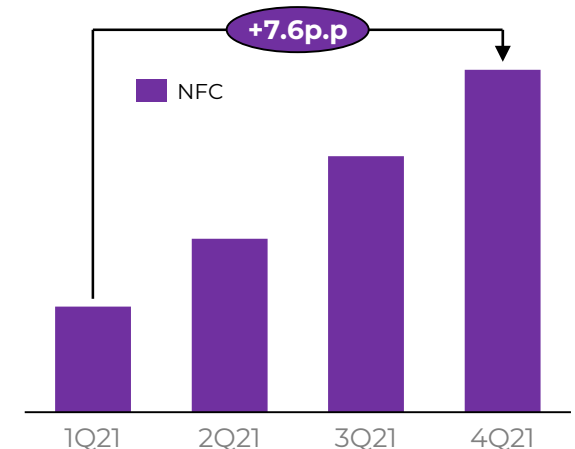
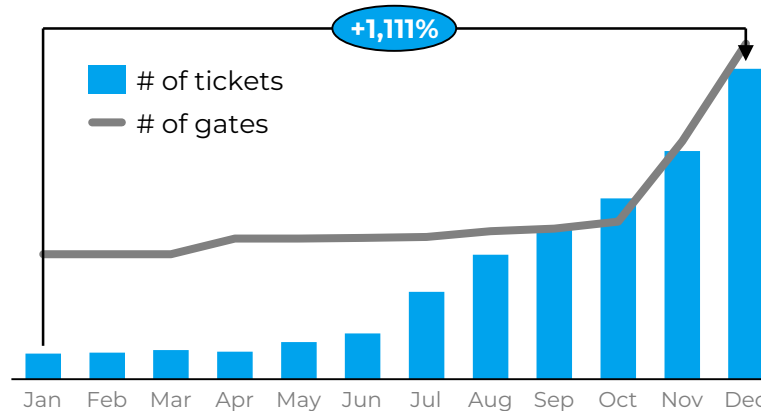
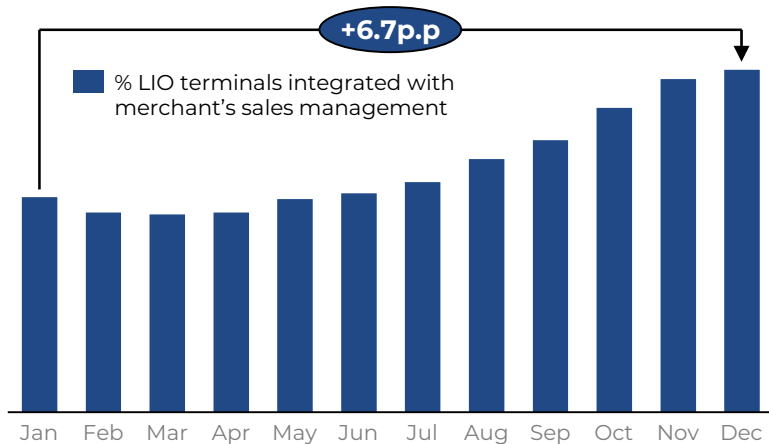
SMB customers integrating smart terminal in its business management

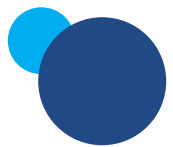
### Public Transportation:

- Presence in 11 cities
- Total of 4.5 million transactions in 2021

### NFC penetration

More than R\$50 billion in TPV

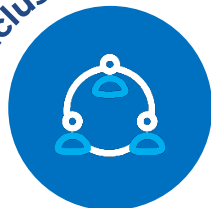




# ESG initiatives are part of the Company's strategy

Solid advances in Diversity and Inclusion

Diversity & Inclusion



Publication of the **Diversity & Inclusion Manifesto and Policy**

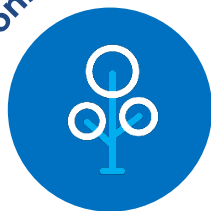


Social Support



**Private Social Investment (ISP):**  
R\$ 3.1 million through tax incentive laws.

Environmental



**486 approved suppliers** with social-environmental criteria

## Diversity & Inclusion

- Publication of the **Diversity & Inclusion Manifesto and Policy** to establish the guidelines and governance.
- Conducting a **Census of Race, People with disabilities and LGBTQIA+** employees, in order to identify and reduce gaps.
- Launch of a specific program for **hiring people with disabilities** for Commercial SMB, as Business Managers. (33 signings)

The Cielo logo is displayed in a dark grey, lowercase sans-serif font. The letter 'o' is a solid blue circle, while the other letters are dark grey. The logo is positioned in the upper left corner of the white background.

cielo



**Investor Relations**

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[ri@cielo.com.br](mailto:ri@cielo.com.br)